The Marin Countywide Plan

Community Development Element Technical Report #4
The Marin County Economy

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CONTENTS

TABLES

FIGURES

APPENDICES

II. DEFINITIONS

ABAG
The Association of Bay Area Governments (ABAG) is the Council of Governments for the Bay Area. Every two years ABAG provides projections of population, labor force and employment for the nine Bay Area counties: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma. ABAG's projections for 1990 were used in this report.

BEA
The Bureau of Economic Analysis (BEA) is a Bureau within the U.S. Department of Commerce which produces detailed historical information on income by county.

Census of Population
The Census of Population is a decennial publication of the Bureau of the Census (within the U.S. Department of Commerce) which provides estimates of detailed social and economic characteristics for a variety of geographic areas.

CBP
County Business Patterns (CBP) is an annual publication of the Bureau of the Census which provides historical information on employment, payroll and size of firms by county. Their estimations of employment are generally lower than others (including those of the Census of Population and ABAG) because some types of workers are not included, such as government workers and self-employed persons.

EDD
The California Employment Development Department (EDD) is a State agency which provides historical and projected labor force data for counties, including the occupations of jobs.

Establishment
An establishment is a single physical location at which business is conducted. It is not necessarily the same as a company; a company may be composed of one or more establishments.

F.I.R.E.
The Finance, Insurance and Real Estate (F.I.R.E.) major industry group is composed of finance, insurance, and real estate industries.

Firm
A firm is a business organization under common ownership or control which may be one or more establishments.

Industry

Firms that produce related goods or services are grouped together for statistical classification purposes. There are different levels of groupings; the term "industry" refers to the lowest level of aggregation. For example, all temporary employment agencies would be placed together in the same industry, the "Temporary Help Service" industry. Under the Standard Industrial Classification system used by the U.S. Bureau of the Census, each industry is assigned a four-digit Standard Industrial Classification (SIC) Code.

Inflation

Economic inflation refers to an increase in available currency and credit, resulting in a rise in price levels of consumer goods. Inflation affects payroll and other economic variables by decreasing the value of dollars from year to year. For example, if the price of consumer goods were to rise an average of 5% in a year, one dollar could buy 5% less than it did the previous year.

Labor Force

The labor force is the sum of employed persons and persons looking for work who are above fourteen years of age. The Marin County labor force includes all persons working in Marin, both residents and non-residents. For the purposes of this report, "labor force" excludes military workers.

Labor Force Participation Rate

The labor force participation rate is the percentage of the total population in the labor force.

Major Industry Groups

Major industry groups are the highest level of aggregations of related industries. There are nine major industry groups:

Major Industry Group	SIC Codes
Agriculture	(0700 through 0999)
Mining	(1300 through 1499)
Construction	(1500 through 1799)
Manufacturing	(1900 through 3997)
Transportation	(4000 through 4999)
Wholesale Trade	(5000 through 5099)
Retail Trade	(5200 through 5999)
F.I.R.E.	(6000 through 6899)
Services	(7000 through 8999).

Mean Household Income

Mean household income is the average income earned or transferred to each household in a given area. This figure is calculated by dividing the total personal income of residents in an area by the total number of households in that area.

Occupational Group

Occupational groups are aggregations of related occupations. For example, persons in the Clerical occupational group work in jobs which primarily require clerical skills, such as secretaries and typists.

Per-Capita Income

Per-capita income is the combined total personal income earned or transferred to residents of a given area divided by the number of residents in that area.

Personal Income

Personal income is the amount of income earned or transferred to an individual. Personal income includes wages and salaries, income from interest, dividends or rents, and income obtained through transfer payments, such as social security or public assistance.

Resident Labor Force

The resident labor force is composed of residents in a given area working or looking for work. They may work in the same area in which they reside, or they may work outside of that area.

Salary

A salary is defined as a fixed compensation to a worker for services, paid for at regular intervals.

SMSA

A Standard Metropolitan Statistical Area (SMSA) is a term applied by the U.S. Bureau of the Census to counties or aggregations of counties that have one or more central core cities and that meet specified criteria of population, population density, commute patterns, and social and economic integration. Marin County is included in the San Francisco Metropolitan Area along with San Francisco and San Mateo Counties.

Wages

Wages are payment to a worker for services based on when the work was performed.

III. INTRODUCTION

The Community Development Technical Report #4, "The Marin County Economy", presents detailed technical information which describes the local economy. The report provides information and documentation for policies in the Community Development Element of the Countywide Plan. The first section of the Technical Report briefly discusses the Economic Element, adopted by the Marin County Board of Supervisors in 1985. The second section describes historical trends and existing conditions of industries in Marin and the resident labor force. Industries in Marin are analyzed in several ways including the number and different kinds of jobs they provide, the payroll of these jobs, and the amount of office space constructed in Marin. Marin's resident labor force is examined in terms of the number of workers, their occupations and income, and the location of their jobs. The final section of the report describes future trends in employment and labor force characteristics in Marin. The report uses a variety of sources of information, often with different dates of analysis. Some of the information, such as that from the 1980 Census (performed decennially by the U.S. Department of Commerce), is somewhat dated. However, the report uses the most current information available at the time it was written.

IV. THE 1985 ECONOMIC ELEMENT

In 1984, community concern about the interrelationship of jobs, housing and transportation prompted a closer examination of Marin County's economy. Between May 1984 and January 1985 a group of business leaders and members of civic groups and environmental organizations, appointed by the Board of Supervisors, met monthly to discuss the growing problems associated with an imbalance among jobs, housing and the transportation system in Marin. They also investigated ways to help correct the growing imbalance. This group, the Economic Advisory Committee, worked with the Marin County Planning Department in preparing the Economic Element of the Countywide Plan, adopted in June of 1985.

The Economic Element documented the growing imbalance among jobs, housing, and transportation in Marin. The policies and objectives provided the impetus to develop land use databases which inventory existing, proposed, and potential commercial and industrial development countywide. These inventories have been used to assess potential traffic generation within the county, and to provide information on the location and quantity of existing and potential development countywide. Staff is recommending that a separate Economic Element not be included in the Countywide Plan; appropriate policies addressing economic issues would be placed in the Community Development Element and the Transportation Element of the Countywide Plan.

V. HISTORICAL TRENDS AND EXISTING CONDITIONS IN MARIN INDUSTRIES

A. Employment Opportunities

Beginning in the 1970s and continuing into the 1980s, Marin changed from an economy primarily serving the local population into an employment center which served regional, national and international markets. The most evident manifestation of this change was a large increase in the number of jobs in Marin. The number of jobs in Marin more than doubled between 1974 and 1987. There were 38,309 employees in 1974, and 80,499 employees in 1987, an increase of 110%[1]. This was twice the percentage increase in employment for the Bay Area as a whole (although relative to other counties in the Bay Area, Marin was a fairly small job center; only 3% of all Bay Area employees worked in Marin.)

There are three primary reasons why Marin's job growth occurred:

1) Employment in the Bay Area region was growing. The number of persons employed in the Bay Area increased by 894,000 in the 13-year time period between 1974 and 1987. Since industries in Marin are linked either directly or indirectly to industries elsewhere in Bay Area, part of the job growth in Marin can be attributed to growth in industries elsewhere in the Bay Area.

2) Firms have increasingly moved to, relocated to and expanded into suburbs rather than central cities. Reflecting long-term national economic trends, new and existing firms in the Bay Area industries have found it cost effective to move to, relocate to and expand into suburban areas rather than remain in central business districts. Consequently, San Francisco, with the largest central business district in the region, accounted for only a small fraction of the region's job growth between 1974 and 1987.

Instead, the major job growth took place in suburban locations around the Bay Area. A large portion of Marin's job growth can be attributed to the relocation or expansion of firms from central business districts to Marin's suburban environment. There have also been many firms that have started in Marin rather than in the region's central cities. Reasons for this regional and national "urban flight" include the presence of less expensive commercial/industrial space and a highly educated workforce in suburbs, the location of an adequate infrastructure in suburbs, and improved telecommunications which facilitate the transfer of goods and services beyond urban areas.

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[1] U.S. Bureau of the Census, County Business Patterns, 1974, 1987.

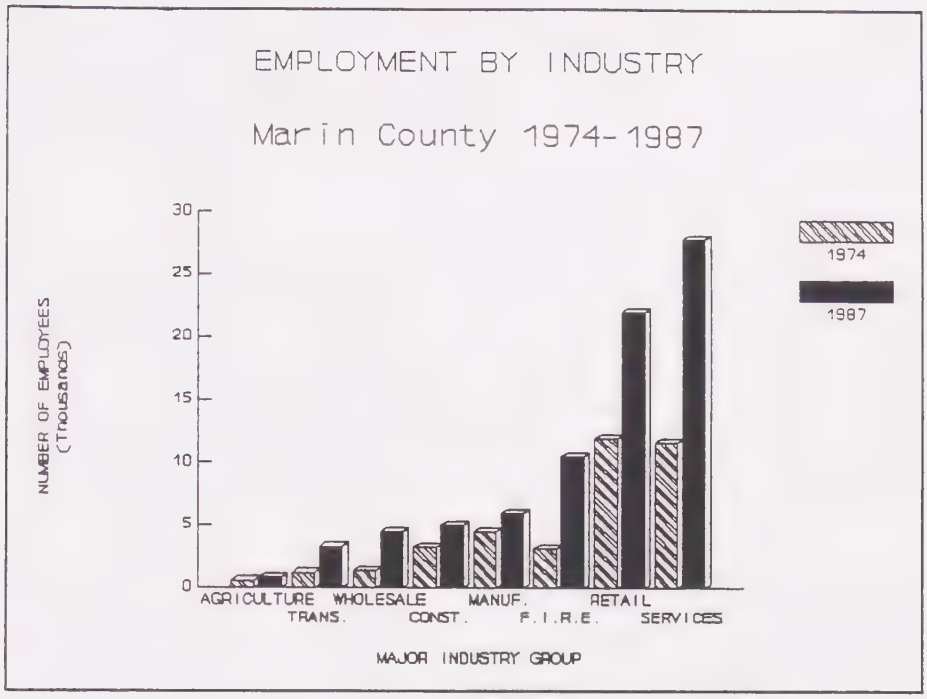
3) Increased business development has been one way in which local governments have sought to increase revenues. Since property taxes were reduced in 1978 with the passage of Proposition 13, sales tax and other revenues from business development have become a more important component of revenues for local governments in Marin (see Local Government Finance, page 9). In order to meet the demand for public services, local governments have increasingly turned away from residential development toward commercial and industrial development to generate revenue. For instance, in Marin, the amount of office space expanded by 70% while the housing supply increased by only 3% between 1980 and 1985[2].

There was not a large shift in the distribution of jobs among the various major industry groups between 1974 and 1987 in Marin. The percent of total employment within F.I.R.E. (Finance, Insurance and Real Estate), and Services increased more than any of the other major industry groups, climbing by 4.8% and 4.3% respectively.

As indicated in Figure 1, the number of persons employed in Services grew more than in any other major industry group, expanding by 16,277 employees between 1974 and 1987 (an increase of 140%). Employment in the Retail Trade and the F.I.R.E. major industry groups also grew significantly during this time period, adding 10,074 and 7,353 persons respectively. Table 1 shows the growth in employment among the nine major industry groups between 1974 and 1987.

[2] Bay Area Council, Making Sense of the Region's Growth, November, 1988.

FIGURE 1



Source: U.S. Bureau of the Census County Business Patterns 1974, 1987.

TABLE 1

EMPLOYMENT BY INDUSTRY
Marin County Industries, 1974-1987

Major Industry Group	1974 Number of Employees	1974 Percent of Total Employment	1987 Number of Employees	1987 Percent of Total Employment	1974-1987 Percent Change in Employment
Agriculture	575	1.5%	855	1.1%	49%
Mining	65	0.2%	65	0.1%	0%
Construction	3,212	8.4%	4,974	6.2%	55%
Manufacturing	4,500	11.7%	5,893	7.3%	31%
Transportation	1,178	3.1%	3,290	4.1%	174%
Wholesale Trade	1,388	3.6%	4,444	5.5%	220%
Retail Trade	11,995	31.3%	22,069	27.4%	84%
F.I.R.E.	3,130	8.2%	10,483	13.0%	235%
Services	11,642	30.4%	27,919	34.7%	140%
Other	624	1.6%	507	0.6%	-19%
TOTAL	38,309	100.0%*	80,499	100.0%*	110%

* Column may not add to exactly 100% due to rounding.
Source: U.S. Bureau of the Census, County Business Patterns, 1974, 1987

In some ways, Marin's profile of employment resembled that of the Bay Area in 1987. Like the Bay Area region, Marin had a concentration of employment in Services. As shown in Table 1, there were 27,919 jobs in Services (35% of the total). In the Bay Area as a whole, 30% of the jobs were in Services. Likewise the percentages of total employment in Agriculture, Mining, Construction, and Wholesale Trade were similar to Bay Area percentages.

The major industry groups where Marin was most different from the Bay Area region in 1987 were Manufacturing, Transportation, F.I.R.E., and Retail Trade. Marin had relatively low numbers of Manufacturing employees compared to other Bay Area counties. Marin had only 7% of total employment in Manufacturing, while the Bay Area as a whole had 20%. Marin also had a relatively small percentage of jobs in the Transportation major industry group. With only 4% of total employment in this group, Marin had about half the percentage of Transportation employment of the Bay Area (7%).

Conversely, Marin had a higher percentage of jobs in F.I.R.E. and Retail Trade than other counties in the Bay Area. 27% of total employment was comprised of Retail jobs in Marin in 1987, while only 19% of all jobs in the Bay Area were in Retail Trade. Similarly, 13% of all jobs in Marin were in the F.I.R.E. major industry group, and only 9% of the jobs in the Bay Area as a whole were in this group.

B. Wages By Industry

Another sign of Marin's transformation from an economy serving primarily a local market into a larger economic center is the increase in wages paid by local establishments. Average per capita wages paid by establishments in Marin increased by 166% from $8,427 in 1974 to $22,434 in 1987[3]. This increase was greater than that of the region; average per-capita wages in the Bay Area increased by 132%, rising from $10,840 in 1974 to $25,124 in 1987. Thus, new jobs added in Marin during this time period were generally higher paying than jobs added elsewhere in the Bay Area[4].

As shown in Table 2, the largest increases in per capita wages of jobs in Marin were in the F.I.R.E. and Services major industry groups. Average per capita wages in the F.I.R.E. major industry group rose by $18,438 (217%) between 1974 and 1987.

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[3] U.S. Bureau of the Census, County Business Patterns, 1974, 1987.

[4] It is important to note that the cost of living also increased during this time period; the cost of living increased by 145% between 1974 and 1987 according to the Bureau of Labor Statistics. Thus, after the increase in the cost of living is taken into account, the real increase in per capita wages paid by establishments in Marin was only 21%.

TABLE 2

AVERAGE PER CAPITA WAGES BY INDUSTRY
Marin County, 1974-1987

Major Industry Group	1974 Wages	1987 Wages	Percent Change
Agriculture	$9,520	$19,044	100%
Construction	$13,579	$25,918	91%
Manufacturing	$9,524	$24,397	156%
Transportation	$12,903	$24,690	91%
Wholesale Trade	$12,337	$27,104	120%
Retail Trade	$6,886	$13,850	101%
F.I.R.E.	$8,508	$26,946	217%
Services	$7,164	$25,449	255%
Average	$8,427	$22,434	166%

Source: U.S. Bureau of the Census, County Business Patterns 1974, 1987.

Per capita wages in Services increased by $18,285 (255%) during this same time period. Each of the other major industry groups showed more modest increases in payroll over the 13-year time period[5]. Retail Trade showed the lowest per capita wage increase. The average employee in Retail Trade earned about $7,000 more in 1987 than in 1974.

C. Employment by Occupational Group

Each major industry group has a mix of different occupations. For example, within the Construction major industry group, there is a high percentage of crafts persons (carpenters, drywall installers, plumbers, etc.). In Retail Trade, on the other hand, there are very few crafts persons, but a high percentage of marketing representatives. The Employment Development Department (EDD) recognizes a total of eight different occupational groups:

[5] After increases in the cost of living are taken into account, the purchasing power of wages declined during this time period in the Agriculture, Construction, Transportation, Wholesale Trade, and Retail Trade major industry groups.

Occupational Group	Representative Occupations
Professional/Technical	Building Inspectors, Nurses, Lawyers,
Manager/Administrator	Executive, School Director
Sales	Marketing Representative
Clerical	Typist, Stenographer
Craft	Carpenter, Drywall Installer
Operative	Heavy Equipment Operator
Service	Accountant, Printer
Laborers	Assembler, Carpenter's Assistant

The most recent information on occupations in the San Francisco and Oakland Standard Metropolitan Statistical Areas (which include Marin, San Francisco, San Mateo, Alameda, and Contra Costa Counties) is provided by the Employment Development Department (EDD) for the year 1983. According to the EDD, the occupations of jobs were concentrated in the clerical and professional occupational groups in 1983. This was primarily due to the fact that the major industry groups with the highest percentage of total employment (Services) had a high concentration of clerical and professional occupations. Clerical workers made up the largest percentage of occupations: 25.9% of all occupations were clerical in the San Francisco and Oakland SMSAs[6]. Clerical workers were most concentrated in the Services and F.I.R.E. major industry groups; 22.8% of all clerical workers were employed in the Services major industry group, and 20.6% were employed in the F.I.R.E. major industry group. Professionals also accounted for a high percentage of occupations in the SMSA's. About one-fifth (20.3%) of all jobs were comprised of professional occupations. Table 3 details the occupational structure of industries in the San Francisco and Oakland Standard Metropolitan Statistical Areas in 1983.

[6] California Employment Development Department, Projections of Employment, 1983-1993 San Francisco-Oakland SMSA's, October, 1986.

TABLE 3

OCCUPATIONAL GROUP EMPLOYMENT BY INDUSTRY
San Francisco-Oakland SMSA, 1983

Major Industry Group	Professional/ Technical	Manager/ Administrator	Sales	Clerical	Craft	Operative	Service	Laborers/ Unskilled
Agriculture	0.5%	0.6%	0.1%	0.4%	0.1%	0.2%	0.1%	0.1%
Construction	1.6%	4.2%	0.7%	1.2%	22.9%	3.0%	0.2%	17.1%
Manufacturing	7.6%	11.5%	5.0%	7.1%	23.7%	44.6%	1.2%	17.5%
Transportation	5.0%	7.9%	1.5%	10.0%	17.3%	12.1%	2.4%	15.6%
Wholesale Trade	3.3%	7.3%	17.8%	7.5%	5.0%	8.3%	0.7%	12.9%
Retail Trade	2.5%	15.0%	55.7%	11.8%	8.1%	12.0%	35.7%	11.8%
F.I.R.E.	6.3%	16.5%	11.3%	20.6%	2.2%	0.2%	2.8%	3.1%
Services	38.3%	22.6%	7.1%	22.8%	11.8%	12.6%	38.0%	10.3%
Government*	34.8%	14.5%	0.9%	18.6%	9.0%	7.0%	19.0%	11.6%
Total**	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
% Total Employment	20.3%	9.1%	7.6%	25.9%	9.2%	9.0%	15.5%	3.3%

* Unlike the CBP, the EDD includes Government as one of the major industry groups.
** Columns may not add to exactly 100% due to rounding.
Source: Employment Development Department, Projections of Employment, 1983-1993 San Francisco-Oakland SMSA, October, 1986.

D. Size of Firms

Most of the job growth in Marin has been in small establishments. Between 1974 and 1987, 79% of the new establishments employed less than ten persons[7]. By 1987, 80% of establishments in Marin employed less than ten persons. In comparison, 74% of the establishments in the Bay Area employed less than ten persons in 1987. The preponderance of small establishments has both advantages and disadvantages for Marin's economy. Small establishments tend to pay workers lower wages than larger establishments, so wages may not be as high in economies with many small establishments as in economies with few small establishments. On the other hand, economies with a high percentage of small establishments tend have employment in a wider range of industries. Hence, they are generally resistant to regional and national recessionary cycles, which tend to affect some industries more than others.

[7] U.S. Bureau of the Census, County Business Patterns, 1974, 1987.

E. Office and Retail Space

The dramatic job growth in Marin between 1974 and 1987 was associated with the addition of a considerable amount of commercial office space. Construction of office space in Marin jumped from about 56,000 square feet each year between 1970 and 1974 to about 224,000 square feet per year between 1979 and 1983[8]. In 1985, alone over 650,000 square feet of office space were constructed[9]. Since then, the construction of office space has slowed; in 1988, 163,000 square feet of office space were built followed by 30,884 in 1989. In 1990 construction rose to 325,059 square feet.[10].

The construction of retail space has followed the same general trends as the construction of office space. In 1985, over 237,000 square feet of retail space were built, and in 1988 and 1989, an average of 28,890 square feet were built each year. In 1990 construction increased slightly to 45,691 sqare feet. (There are no data available for the amount of retail space construction between the years 1970-1985.)

F. Taxable Sales

Increase in taxable sales is an indicator of growth in the retail trade industry, and an indicator of increasing sales tax revenue for local governments. The number of retail establishments in Marin increased from 2,143 in 1975 to 2,852 in 1990. Taxable retail sales per establishment increased from $237,000 in 1975 to $619,000 per establishment in 1990[11]. This represents an increase of 161% over the 15-year period[12].

Taxable sales of retail establishments in Marin grew more than taxable sales of retail establishments in other areas of the region during this time period. Bay Area taxable retail sales per establishment increased by 100% between 1975 and 1990, 61% less than the growth of taxable retail sales in Marin. There are two main reasons why retail sales per establishment in Marin were higher than sales per establishment in the Bay Area:

1) There were proportionately fewer establishments added in Marin than the Bay Area. The percentage increase in establishments in Marin between 1975 and 1990 was 33%, about half the percentage increase for the Bay Area.

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8 Bank of America, Economic Forecast: Marin County, 1985.

9 Marin County Planning Department, PropDev 2, 1985.

10 Marin County Planning Department, PropDev 7, 1988; PropDev 8, 1989; PropDev 9, 1989; PropDev 10, 1990; PropDev 11, 1990; PropDev 12, 1991.

11 State Board of Equalization, Taxable Sales in California, 1975, 1980, 1985, 1990.

12 When adjusted for inflation, the increase in taxable sales totaled 12% during this 15-year time period.

2) Per capita retail sales in Marin were higher than per capita sales for the Bay Area. Per capita sales in Marin increased by 228% between 1975 and 1990, while per capita sales in the Bay Area as a whole increased by 188%.

The increases in Marin's taxable retail sales were fueled mostly from two sources. First of all, Marin's population expanded by about 11,500 persons between 1975 and 1990, adding consumers to the local market. In addition, Marin consumers purchased more goods in 1990 than they did 15 years earlier. Taxable retail sales per person rose from $2,335 in 1975 to $7,670 in 1990.

Although overall taxable sales increased by 161% between 1975 and 1990, the increase did not occur uniformly over those years. Increases in taxable sales have slowed since the 1975-1980 time period. Between 1975 and 1980, taxable retail sales increased at an average rate of 16% each year. Between 1980 and 1985, they increased by only an average 10% each year, and between 1986 and 1990, they increased by only 4% each year.

G. Local Government Financing

By increasing the tax base, development has been a source of new revenue for local governments. Development increases the value of improvements on property which contributes to higher assessed values, hence higher property taxes on newly developed parcels[13]. Development of retail establishments can increase the revenue from sales tax. Development of new offices can result in additional business license tax revenue, additional utility tax revenue, and revenue from other charges. The construction of hotels can also be a source of revenue for local governments through "transient occupancy" taxes.

Development also generates the need for additional services provided by local governments. Residential construction usually leads to increases in the population, which increases the demand for police and fire protection, health services and welfare programs, recreational opportunities, and other government services. The development of new commercial and industrial establishments increases the demand for police and fire protection, and will often increase the need for construction and maintenance of roads, sewers, and other public facilities. Consequently, development requires an increase in the amount of government expenditures.

[13] Property taxes can increase in other ways as well. For example, the value of property is reassessed at the time of sale or transfer. If the property value has increased, the assessed value will increase; hence the amount of property taxes will also increase. In addition, the assessor can increase the assessed value of property by 2% each year to account for increases in inflation.

1. Unincorporated County Revenues

Marin County government revenue increased 126% between 1975 and 1987, rising from $48.5 million in 1975 to $109.5 million in 1987[14]. There were nine general sources of revenue for the County. Table 4 shows the various components of County revenues in the years 1975 and 1987. (See Appendix A for a listing of the specific budget items included within each general revenue category.)

TABLE 4

GOVERNMENT REVENUE SOURCES
Unincorporated Marin County, 1975-1987

Source of Revenue	1975 County Revenue (x $1,000)	1975 Percent of Total Revenue	1987 County Revenue (x $1,000)	1987 Percent of Total Revenue	Percent Change 1975-1987
Federal/State Sources	20,490	42%	45,904	42%	124%
Property Taxes	21,036	43%	38,653	35%	84%
Other*	1,660	6%	8,482	8%	411%
Current Services	1,675	3%	5,415	5%	223%
Rents/Interest	1,820	4%	4,472	4%	146%
Fines/Forfeits	830	2%	2,853	3%	244%
Licenses/Permits	428	1%	2,245	2%	425%
Sales/Use Tax	525	1%	1,445	1%	175%
Total	48,464	100%**	109,469	100%**	126%

* "Other" includes revenue from fixed assets, consumer protection penalties, the Marin Community Foundation, and interfund revenue charges.

** Columns may not add to exactly 100% due to rounding.

Source: State Auditor Controller, Financial Transactions Concerning Counties, 1975 and 1987.

[14] State Office of the Auditor Controller, Financial Transactions Concerning Counties, 1975, 1987.

Table 4 shows that there have been significant shifts in the tax revenue sources between 1975 and 1987. The amount of property tax was reduced in 1978 by Proposition 13, which rolled back all property taxes to 1% of the 1975 market values and restricted annual increases in property tax. Consequently, the percent of total revenues from property tax decreased from 43% to 35% between 1975 and 1987. Revenue from other sources was increased to compensate for the reduction in property tax. With the exception of Federal and State funding, the percent change of revenue from each of the other sources was greater than the percent change in total revenue. Most notable was the 425% increase in the revenue from licenses and permits. Revenues from fines and forfeits, and charges for current services also increased significantly.

The revenue from Federal and State sources has remained 42% of total County revenues throughout this time period, despite cutbacks in Federal programs. This was mostly due to an increase in funding from State programs[15]. State programs provided approximately $2.8 million more revenue to the County than Federal programs in 1975, and about $23.2 million more than Federal programs in 1987. In 1975, 57% of County revenue from other governmental agencies came from the State, and in 1987, 76% came from the State.

[15] For example, State funding for mental health programs has increased by over 250% between 1975 and 1987, rising to $5.5 million in 1987 (Marin Auditor-Controller, Adopted Budget for Marin County, Fiscal Years 1974-1975, and 1986-1987).

2. Revenues of City Governments

The revenue for cities within Marin County increased by 213% between 1975 and 1987, rising from $25 million in 1975 to $81 million in 1987. Similar to trends in County revenue sources, property tax revenue made a less significant contribution to city governments as well. As shown in Table 5, property tax revenue fell from 32% of the total revenue to 23% between 1975 and 1987 for all cities combined[16]. In contrast to trends in County revenue, the amount of revenue from Federal and State sources also decreased 8%, dropping from 25% of total revenue in 1975 to 17% in 1987. City governments were more severely affected by Federal cutbacks than the County because State public assistance programs, which have provided new sources of revenue for the County, are not generally administered by cities.

TABLE 5

GOVERNMENT REVENUE SOURCES
Cities in Marin County, 1975-1987

Source of Revenue	1975 City Revenue (x $1000)	1975 Percent of Total Revenue	1987 City Revenue (x $1000)	1987 Percent of Total Revenue	Percent Change 1975-1987
Property Taxes	8,389	32%	18,399	23%	119%
Sales/Use Tax	5,262	20%	18,806	23%	257%
Federal/State Sources	6,423	25%	14,097	17%	119%
Other*	1,643	6%	11,775	15%	617%
Current Services	1,333	5%	11,372	14%	753%
Rents and Interest	1,115	4%	2,858	4%	156%
Fines/Forfeits	830	3%	2,198	3%	165%
Licenses/Permits	876	3%	1,344	2%	53%
Total	25,871	100%**	80,849	100%**	213%

* "Other" includes revenue from sale of property, and city owned enterprises.
** Columns may not add to exactly 100% due to rounding.
Source: State Auditor Controller, Financial Transactions Concerning Counties, 1975 and 1987.

The revenue sources which were increased to compensate for the reduction in both property taxes and Federal and State funds were: 1) current services, which increased from 5% to 14% of total revenue; "other" (including revenue from the sale of property, sewer connection fees, and city owned enterprises), which increased from 6% to 15% of total revenue; and sales/use tax, which increased from 20% to 23% of total revenue. By 1987, sales and use tax revenue became the primary source of revenue for three of the larger cities in the county: San Rafael, Novato, and Corte Madera (property tax remained the largest source of revenue for the other cities).

[16] State Office of the Auditor Controller, Financial Transactions Concerning Cities, 1975, 1987.

3. Unincorporated County Expenditures

Between 1975 and 1987, County expenditures rose 146% from $45.5 million in 1975 to $111.9 million in 1987[17]. Throughout this time period, expenditures were concentrated in the general government, public safety, and public assistance categories; three-quarters of total county expenditures were in these three areas. (Table 6 shows the various components of County expenditures in 1975 and 1987.) Spending fluctuated within these three categories during the 12-year interval between 1975 and 1987. The percent of total County expenditures for public safety increased by 7% between 1975 and 1987; expenditures in general government increased by 2%. Although expenditures in public assistance remained a relatively large budget item, the share of total County expenditures for public assistance decreased by 11%, the largest decrease of any expenditure category. Besides public safety, spending on health services increased the most of any expenditure category, increasing from 9% of total County expenditures in 1975 to 14% in 1987. For the most part, this was due to increasing costs for programs which the County is required to provide according to State mandates.

TABLE 6

GOVERNMENT EXPENDITURES
Unincorporated County, 1975-1987

Expenditure Category	1975 County Expenditure (x $1000)	1975 Percent of Total Expenditures	1987 County Expenditure (x $1000)	1987 Percent of Total Expenditures	Percent Change 1975-1987
Public Safety	11,935	26%	37,025	33%	210%
General Government	9,138	20%	25,035	22%	174%
Public Assistance	13,807	30%	21,682	19%	57%
Health Services	4,208	9%	15,959	14%	279%
Public Works	3,878	9%	6,413	6%	65%
Library Services	1,032	2%	2,837	3%	175%
Parks/Recreation	813	2%	2,315	2%	185%
Debt Service	654	1%	642	1%	-2%
Total	45,465	100%*	111,908	100%*	146%

* Columns may not add to exactly 100% due to rounding

Source: State Auditor Controller, Financial Transactions Concerning Counties, 1975 and 1987.

[17] Some County expenditures were used to provide services to incorporated as well as unincorporated areas. For example, the County has the sole responsibility to administer most health services and public assistance programs funded by the State and Federal governments.

4. Expenditures of City Governments

City government expenditures increased 186% between 1975 and 1987. Like the County, city governments spent an increasingly large portion of their budgets on public safety. As shown in Table 7, the share of total expenditures allocated to public safety increased from 34% to 43% between 1975 and 1987 for all the cities combined. The share of total expenditures used for public works also increased. Partly due to significant increases in spending on sewage collection and disposal, the percentage of total expenditures on public works increased from 21% in 1975 to 25% in 1987. Spending for general government declined relative to other expenditures from 31% of the total expenditures in 1975 to 17% in 1987.

TABLE 7

GOVERNMENT EXPENDITURES
Cities in Marin, 1975-1987

Expenditure Category	1975 City Expenditure (x $1000)	1975 Percent of Total Expenditures	1987 City Expenditure (x $1000)	1987 Percent of Total Expenditures	Percent Change 1975-1987
Public Safety	9,120	35%	32,457	43%	256%
Public Works	5,489	21%	18,479	25%	237%
General Government	8,082	31%	12,890	17%	59%
Parks/Recreation	2,699	10%	7,399	10%	174%
Library Services	921	4%	2,135	3%	132%
Other	0	0%	1,950	3%	N/A
Total	26,311	100%*	75,310	100%*	186%

* Columns may not add to exactly 100% due to rounding

Source: State Auditor Controller, Financial Transactions Concerning Counties, 1975 and 1987.

VI. HISTORICAL TRENDS AND EXISTING CONDITIONS IN THE MARIN LABOR FORCE

A. Expansion in the Labor Force

The transformation of Marin's economy to a relatively large job center serving regional, national and international markets was facilitated by an expansion in Marin's resident labor force. Marin's resident labor force (which includes only people who live in Marin and work either in Marin or outside of Marin) grew by 52,243 persons between 1970 and 1990[18]. There were 136,800 persons in Marin's resident labor force in 1990.

The expansion in the resident labor force resulted primarily from the entry of women into the local work force. In Marin, women accounted for almost two-thirds of the total number of persons added to the labor force between 1970 and 1990; 61% of the 52,243 persons added to Marin's labor force during this time period were women. This increase was primarily the result of a higher labor force participation rate among women. The labor force participation rate rose from 42% in 1970 to 63% in 1990.

In addition to an increase in the labor force participation rate of women, the local labor force has been influenced by a shift in the age structure of Marin's population. In 1970, approximately 65% of the population fell within the standard working age group (15-64 years old). By 1990, the percentage of persons in this group had increased to 79%. This was a shift of 14% of the population into the resident labor force, an addition of approximately 23,290 workers.

Labor from outside of the county also played a significant role in Marin's job development. The number of persons commuting into Marin for work increased by 12,478 between 1970 and 1985[19]. Part of the reason why a large number of jobs in Marin employ persons living outside of the county involves the disparity between the relatively low wages paid by establishments in Marin and the high cost of housing in Marin. In 1986, jobs in Marin paid an average $22,226 per year (10% less than the Bay Area average), yet a household had to earn about $63,000 in order to afford to purchase an average home. Even a two-wage household working in Marin could generally not afford to purchase a home in Marin. Therefore, people working in Marin have increasingly chosen to live in less expensive

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[18] U.S. Bureau of the Census, Census of Population, 1970; Association of Bay Area Governments, Projections '90, 1990.

[19] U.S. Bureau of the Census, Census of Population, 1970; Barton-Aschman, 101 Corridor Study Technical Memo #5, 1986.

areas outside of the county[20]. (People have also chosen to live in less expensive areas outside Marin because they can generally rent or purchase larger homes than are available in Marin for the same price.)

B. Changing Occupational Profile

Job growth as well as a change in the types of industries during the 1970s contributed to a change in the occupational profile of Marin residents. There was a general shift away from clerical, operative, and laborer occupations into management/ administrative, sales, and service occupations. As Table 8 shows, the amount of change in each occupational group varied considerably. For example, the number of operatives (e.g. printing machine operators) decreased by 8% (340 workers) while the number of sales persons increased by 91% (8,406 workers) between 1970 and 1980[21].

TABLE 8

OCCUPATION OF EMPLOYED RESIDENTS
Marin County, 1970, 1980

	1970		1980		
Category	Number of Employed Residents	Percent of Total	Number of Employed Residents	Percent of Total	Change Between 1970 and 1980
Sales	9,247	11%	17,653	15%	91%
Mgmt./Admin.	12,010	15%	20,745	18%	73%
Service	9,119	11%	13,617	12%	49%
Crafts	7,229	9%	10,498	9%	45%
Professional	19,598	24%	26,671	23%	36%
Clerical	15,945	20%	19,232	16%	21%
Laborers	3,090	4%	4,352	4%	8%
Operatives	4,382	5%	4,042	3%	-8%
Total	80,620	100%*	116,810	100%*	45%

* Columns may not add to exactly 100% due to rounding.

Source: U.S. Bureau of the Census, Census of Population, 1970, 1980

Reflecting higher labor force participation rates among women, the percentage of women in almost every occupational group increased in Marin during the 1970s. Most notable

[20] Conversely, much of Marin's resident labor force was commuting out of the County for work. In 1970, 53% of the employed residents commuted outside of the county for work. By 1985, 50% of the employed residents commuted outside of the county for work. This level of out-commute was generally much higher than that of the other counties in the Bay Area. On the average, only 31% of the resident workers in a given county were commuting outside of that county for work in 1980.

[21] U.S. Bureau of the Census, Census of Population, 1970, 1980.

was an increase in managerial and administrative positions held by women. Between 1970 and 1980, the number of women holding these positions increased by over 8,500 persons, while the number of men increased by less than 200 persons.

One significant exception to the trend of an increasing percentage of female participation was in the professional occupational category. The number of female professionals grew by 1,000 individuals, only one-fifth the increase of males in this category.

C. Income

Historically, income earned by Marin residents has increased more than Bay Area residents' income. In 1975, Marin's per capita income was $8,965. By 1985, this figure had climbed to $26,986, a 201% increase[22]. During the same time period, the per capita income for the Bay Area increased only 162%, climbing from $7,312 to $19,163. These same trends are also reflected in ABAG's projections of mean household income. In 1985 mean household income in Marin was $13,900 higher than mean household income in the Bay Area[23].

One reason why the income of Marin residents is high relative to the wages of jobs in Marin is that many of Marin's residents derive income from investment earnings which are not related to the wages of jobs in Marin. In 1987, about 22% of personal income in Marin came from rents, interest, and dividends, 5% more than the regional average[24].

D. Unemployment

Job growth in Marin had a positive effect on the unemployment rates for Marin residents. The unemployment rate in Marin dropped from 6.1% in 1970 to 3.1% in 1990[25]. Regional unemployment rates also declined during this same time period. The unemployment rate for the Bay Area region declined from 6.1% in 1970 to 4.8% in 1990.

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[22] U.S. Bureau of Economic Analysis, Personal Income by Major Source and Earnings by Industry: Marin County, 1975, 1985.

[23] Association of Bay Area Governments, Projections '90, 1990.

[24] Ramon G. McLeod, "Bay Area 2-Income Families to Have Trouble Keeping Up," San Francisco Chronicle, August 6, 1990, p. A1, A6, cols. 1-2.

[25] U.S. Bureau of the Census, Census of Population, 1970; California Employment Development Department, California Labor Market Bulletin, January 1991 (for December, 1990).

VII. PROJECTIONS OF MARIN INDUSTRIES

A. Job Growth

Job growth is projected to continue in Marin and in the region. ABAG has projected that Marin will have 132,660 jobs by the year 2005, an increase of 33% from the 1990 level of 95,950 jobs[26]. According to these projections, Marin's job growth in the future will be slow compared to historical trends. The average annual increase in the number of jobs between 1990 and the year 2005 (2.2%) will be about one-quarter the increase between 1974 and 1987. ABAG projects that Bay Area job growth will be similar to job growth in Marin. Growth in the Bay Area will total 29% between 1990 and 2005, 3% less than the percentage job growth in Marin.

As shown in Table 9, Services and Retail Trade will remain the dominant major industry groups in Marin in the year 2005, employing 44,730 and 34,450 persons respectively. The number of jobs in Services is projected to grow by 10,220 between 1990 and the year 2005, while Retail Trade will add 8,450 jobs.

TABLE 9

PROJECTED EMPLOYMENT BY INDUSTRY
Marin County, 1990-2005

Major Industry Group	1990 Number of Employees	1990 Percent of Total Employment	2005 Number of Employees	2005 Percent of Total Employment	Percent Change 1990-2005
Agriculture/Mining	520	0.5%	440	0.3%	-15.4%
Construction	5,380	5.4%	7,300	5.5%	35.7%
Manufacturing	5,890	5.9%	9,790	7.4%	66.2%
Transportation	5,380	5.4%	6,510	4.9%	21.0%
Wholesale Trade	3,960	4.0%	5,200	4.0%	31.3%
Retail Trade	26,000	26.0%	34,450	26.0%	32.5%
F.I.R.E.	14,790	14.8%	19,750	14.9%	33.5%
Services	34,510	34.5%	44,730	33.8%	29.6%
Other	3,520	3.5%	4,490	3.4%	27.6%
TOTAL	99,950	100.0%*	132,660	100.0%*	32.7%

* Column may not add to exactly 100% due to rounding.
Source: ABAG, Projections '90, 1990.

[26] Association of Bay Area Governments, Projections '90, 1990.

B. Employment By Occupational Group

According to projections of the Employment Development Department for the years 1983-1993, the change in the occupational profile of jobs in the San Francisco and Oakland SMSAs (which include Marin) is nominal. None of the occupational groups changed their share of total employment by more than 1%. New jobs in Marin and the other counties in the San Francisco and Oakland SMSA's are expected to remain concentrated in clerical and professional/technical occupations. EDD's projections indicate that clerical occupations will account for 25% of all occupations, and 21% of all occupations will be in the professional/technical occupational group in 1993[27].

C. Office and Retail Space

Confirming projections of some job growth, County records indicate there will probably be a significant amount of commercial and industrial space added to the existing inventory in coming years. Records compiled by the Marin County Planning Department indicate that 1,057,230 square feet of office space were either approved for construction or under construction as of August, 1990. In addition, 71,888 square feet of retail space and 107,547 square feet of industrial space were approved or under construction countywide. 60% or 744,194 square feet of this office, retail and industrial space will be located in Novato[28].

D. Taxable Sales

If historical trends continue, increases in taxable sales will be primarily fueled by increases in the population and not by per capita increases in spending on consumer goods each year. The population of the county is projected to grow by 26,150 persons between 1990 and 2005[29]. This would be an average increase of 0.75% each year, slightly more than the average annual increase of 0.63% between 1970 and 1990[30]. Thus, for the county as a whole, taxable sales will likely show some increase due to an expansion in the consumer market.

Historically, increases in taxable sales have also been fueled by a greater number of dollars being spent on consumer goods by the average person each year. However, the

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[27] California Employment Development Department, Projections of Employment, 1983-1993, San Francisco-Oakland SMSA, October, 1986.

[28] Marin County Planning Department, PropDev 11, 1990.

[29] Increases in the population will vary considerably from city to city in Marin; for example, population in the Novato area is projected to increase by 13,800 persons during this time period while Mill Valley's population is projected to decline slightly.

[30] Association of Bay Area Governments, Projections '90, 1990.

trends show that the amount of money spent by each consumer is not increasing as much as in the past. For example, between 1980 and 1985, taxable sales per person increased at an average annual rate of 10%, but between 1985 and 1990 there was an annual increase of only 4%. Therefore, taxable sales are expected to level off relative to previous years, especially in those areas where population is not projected to increase significantly. Given the importance of sales tax as a source of revenue for some cities in Marin, local governments should be aware that this may not continue to be an expanding source of revenue in the future.

E. Local Government Financing

There are several trends which are likely to influence government revenues in the future:

- If property values continue to rise at high rates in Marin, the assessed value of property will increase, and property tax revenue, which is based on assessed property value, will probably increase more than in the past[31]. Consequently, property tax revenue may become an increasingly dominant source of revenue for local governments.

- The revenue from sales tax is likely to level off in some areas. The previous discussion of projected trends in taxable sales (page 25) shows that annual increases in per capita sales are diminishing. Growth in the population is not projected to offset the trends in per capita sales. Thus, sales tax revenue is not expected to increase as much as it has in the past.

- Aid from the State and Federal government will probably not increase as much as in previous years. Given an increasing amount of pressure to reduce the national deficit, it is unlikely that higher levels of funding from existing Federal programs will be provided. Rather, cutbacks in program funding seem more probable. It is also unlikely that revenue from State programs will increase enough to offset cutbacks in Federal programs; in fact, at the time this report was being prepared, the State was cutting programs as well.

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[31] As indicated in footnote #13, government revenue from property tax can increase in two ways:
1) the Assessor can raise the assessed value of property by 2% each year to account for inflation;
2) property is reassessed at the time of sale or transfer, and assuming property values continue to rise, the assessed value will rise.

Since property taxes are 1% of the assessed value, increases in the assessed value of property in either of these two ways will increase the amount of property tax revenue.

VIII. PROJECTIONS OF LABOR FORCE CHARACTERISTICS

A. Labor Force

Consistent with Marin's projected job growth, the labor force in Marin is also projected to continue expanding; there is projected to be an increase of 18,300 persons in Marin's resident labor force between 1990 and the year 2005[32]. This will be an average annual increase of 0.9%, slightly lower than the 1.2% average annual increase between 1980 and 1990. There will be three primary sources of additional labor in Marin's resident labor force:

1) Some of the labor force expansion will be the result of an increase in the total population; 14,200 out of the total 26,150 persons added to Marin's population between 1990 and the year 2005 will be within the standard working age group (15-64 years of age).

2) A significant addition to the labor force will also come from the resident female population. Due to higher participation rates among women, between 1990 and the year 2005, more women will be entering the labor force in the 15-64 age group than the number of women added to the population of this age group.

3) Increases in the labor force will partly result from higher labor force participation rates among men and women, especially for persons between the ages of 15-19, and persons 65 years or older.

In addition to increases in Marin's resident labor force, there is also projected to be an increase in the number of persons living in areas outside of the county who commute into Marin for work.[33]

B. Occupational Profile

According to the EDD (which projects occupations to the year 1993), a high percentage of Marin residents will probably continue to be employed as professionals and managers through the year 1993. Given that 1) 23% of the employed residents worked as professionals and 18% were managers in 1980, and 2) the portion of total employment in these occupations is projected to remain about the same through 1993, close to 40% of Marin's employed residents will remain in these two occupational groups.

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[32] Association of Bay Area Governments, Projections '90, 1990.

[33] Barton-Aschman, 101 Corridor Study Technical Memo #5, 1986.

C. Household Income

As it has in the past, household income in Marin is expected to increase more than regional household income. ABAG has projected that mean household income in Marin will rise from $62,700 in 1990 to $79,000 by the year 2005[34]. This would be an increase of $16,300 (26%) over the fifteen-year period (slightly more than the rate of increase between 1980 and 1990). The Bay Area mean household income is projected to increase by $7,700 to $53,900, 64% of the increase in mean household income in Marin.

D. Summary of Projections

In summary, Marin's economic growth is projected to continue, although at a slower rate than in the 1970s and 1980s. Close to 37,000 new jobs are projected between 1990 and 2005, most of which will be in the Retail Trade and Services industries. Increases in taxable sales (and increases in sales tax revenue to local governments) are expected to occur in the future due to increases in population rather than significant increases in per capita spending. Local governments will probably derive a larger share of total revenue from property taxes, and less from Federal and State funding sources. The labor force is projected to increase by 18,300 persons between 1990 and the year 2005, due to higher participation rates and an expanding population. Most employed residents will probably continue to be managers and professionals. The average household income in Marin is projected to be close to $79,000 in the year 2005.

[34] Ibid.